FOREIGN AGRICULTURE

Harvesting hothouse tomatoes, Soviet Union.

March 8, 1976

Czech Feed Imports Rise

Dutch Agriculture

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Tomatoes are a major crop at the Moscow State Farm in the Russian Republic. The Soviet Union is expanding construction of hothouses, particularly in major urban areas, in an effort to meet rising demand for vegetables. See report, page 5.

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Czechs Boost Farm Output Yet Feed Imports Still Rise

By NICHOLAS THUROCZY
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CZECHOSOVAKIA has been riding the crest of an extended farm boom, yet in some ways its progress toward agricultural self-sufficiency has been painfully slow. Evidencing the lag, Czech imports of oilseed meals—including U.S. soybean meal—head steadily higher, while every measurable grain crop setback brings a jump in grain imports.

At the heart of this paradox is an expanding livestock industry, spurred on by pent-up consumer demand for higher quality farm products. To satisfy demand, the Government a few years ago began funneling massive amounts of money into the State livestock industries, which now are at the height of a production boom.

But output of feeds needed to fuel this expansion has not been so certain. Domestic grain crops have grown only slightly more than demand—despite some impressive breakthroughs since 1970—while production of domestic oilseeds has lagged.

Inevitably, imports—including those from the United States—have mirrored the differences. Czech purchases of U.S. soybean meal more than doubled between 1970 and 1974 to 311,000 metric tons, while purchases of U.S. grain ranged from negligible quantities to a few hundred thousand tons.

Total Czech grain imports during that period averaged 1.8 million tons, of which the USSR supplied 1.4 million. In 1975/76, however, the United States may supply a larger share of Czech grain imports directly or indirectly, owing to the severe grain shortfall in the USSR.

Meanwhile, the Government has reappraised its grain-livestock goals in the light of continuing large trade deficits in feeds. Indications are that it will stress faster growth in feed than in livestock production.

Barring a radical change in direction, Czech imports of oilseed meal should continue to rise, while grain purchases —as always—will be keyed to fluctuating harvests of domestic crops.

Although the ultimate policy direction is unclear, one thing is certain: Czechoslovakia still is aiming for agricultural self-sufficiency.

This has been an overriding goal since the 14th Congress of the Czechoslovak Communist Party published a directive in May 1971 calling for more home production of the needed food products. That call has been intensified of late for both domestic and external reasons.

Domestically, the goal is to upgrade the Czech diet with more and better-quality foods such as meats, eggs, butter, and milk.

Externally, the country has faced the inflationary impact of rising prices for agricultural and other raw material imports—many of them from the West —while seeing its trade ledger sink

CZECHOSLOVAKIA'S PRODUCTION OF LIVESTOCK [1] AND SELECTED LIVESTOCK PRODUCTS, 1970–75

Calendar year	Cattle and calves	Hogs	Poultry	Milk	Eggs
	1,000 metric tons [2]	*1,000 metric tons* [2]	*1,000 metric tons* [2]	*Mil. ltrs.*	*Mil. pcs.*
1970	554	509	117	4,650	3,733
1971	577	551	130	4,776	3,996
1972	584	618	142	4,969	4,120
1973	623	630	153	5,267	4,254
1974	665	675	163	5,338	4,468
1975 [3]	687	743	177	5,300	4,481
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Change, 1970–75	+24	+46	+51	+14	+20

[1] For slaughter in State facilities. [2] Liveweight. [3] Estimated.
Source: Monthly Statistical Review, September 1975.

nearly $500 million into the red by 1974. And to keep food prices down, the Government has been forced to pay heavy subsidies on prices of imported raw materials.

Through 1975, the call for added farm production had been directed largely at grain and livestock producers, with the latter showing the most dramatic results.

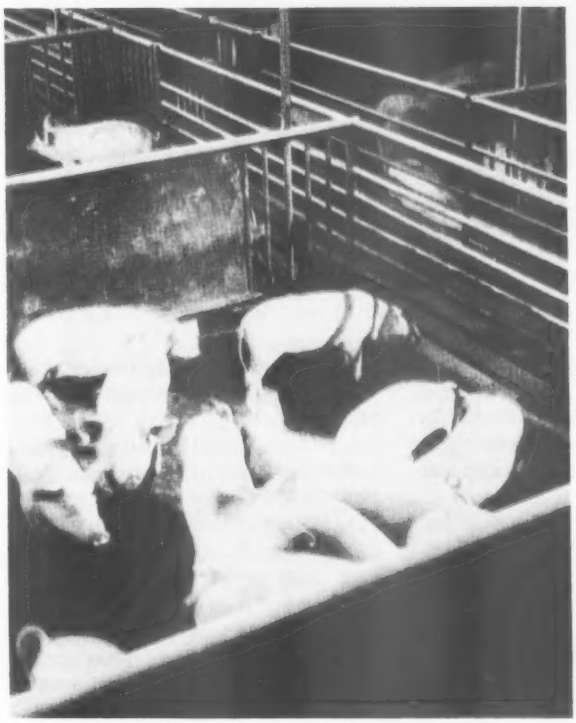
By 1975, for instance, output of hogs for slaughter in public facilities had risen 46 percent above that of 1970, while poultry meat output had soared 51 percent; milk production, 14 percent; and egg production, 20 percent.

These impressive gains, in turn, laid the basis for growth in per capita consumption of livestock products, which previously had been held down by low domestic supplies and lagging consumer incomes. Annual per capita consumption of all meats increased from 70 kilograms in 1970 to 80 in 1975—one of the highest levels in all Europe. Milk consumption went from 116 liters to 130, and egg consumption from 260 pieces to 310. And, despite this growing use at home, the country by 1975 was also able to cease importing all livestock products except small quantities of poultry meat.

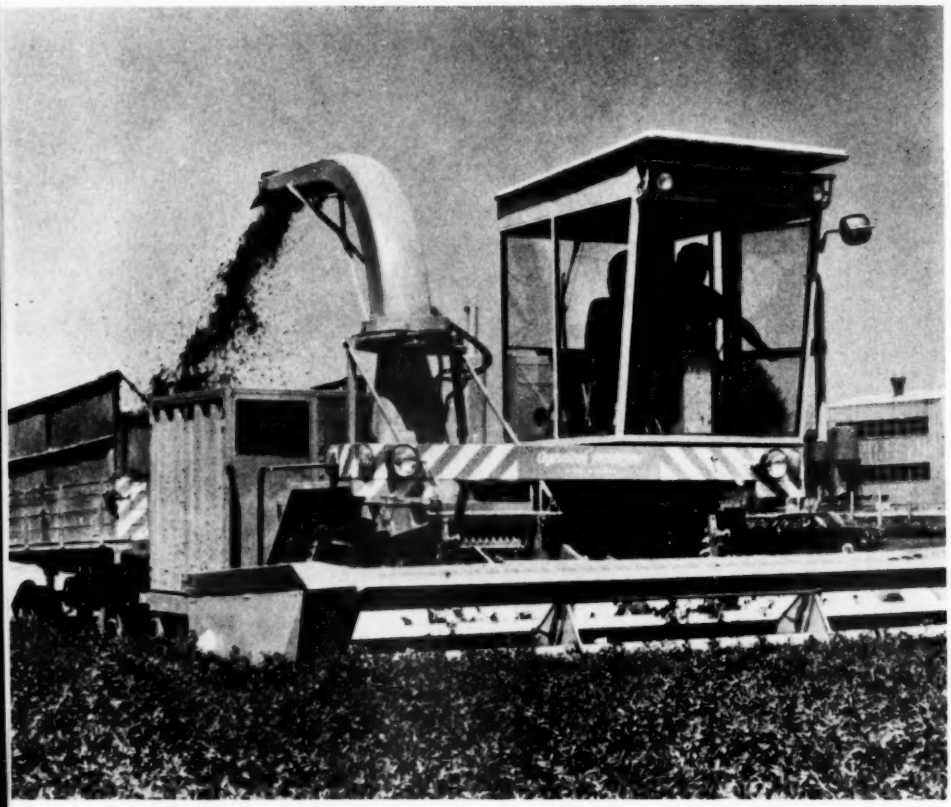
CZECHOSLOVAKIA is thus on the brink of full self-sufficiency in livestock products. But keeping output of needed feeds in step with demand has not been so easy.

Grain production—the key crop sector because of grain's importance both for food and feed—has shown some impressive, if fluctuating, growth since 1970. From 7.9 million metric tons in 1970, production of all grains climbed to an alltime record of 10.3 million tons in 1974 for a net gain of more than a third. In 1975, however, weather dealt the crop one of its periodic setbacks, reducing production to 9.4 million tons even while livestock output continued to advance.

The upward trend in grain output since 1970 can be attributed to several factors. One is the steady increase in area planted to grains. Another—more important—factor is the 40 percent advance in grain yields since 1970 as a result of the infusion of modern technology and inputs into grain production. These improvements have included the widespread introduction of high-yielding grain varieties; mechanization; and ex-



Top to bottom: Hand reaping of grain, a scene out of Czechoslovakia's past; a brigade of farm machinery performs field operations; and a modern Czech hog enterprise. Rising feed needs of such livestock enterprises have kept Czech farm imports up, despite expanding grain output.



Harvesting Czech fodder crops.

tensive use of chemical fertilizers, pesticides, and herbicides.

With advances in grain production, Czech self-sufficiency in grains also has risen, reaching a peak 91 percent in 1974 compared with 85 percent in 1970. However, the 1975 shortfall pushed self-sufficiency back to 88 percent, for only a modest net gain over 1970's.

On the other hand, the sharp rise in domestic feed needs boosted feedgrain imports from about 20 percent of total grain imports in 1970 to about 25 percent in 1974. This share may rise even more in 1976, when Czechoslovakia must replace traditional imports of Soviet feed wheat with grain from other sources.

The country hopes that further yield improvements will spur a recovery in grain output this year, resuming an upward march toward its 1980 goal of 12 million tons—the level needed for full self-sufficiency. As always, realizing the goal will require favorable weather. And even this achievement by itself would not be a good measure of progress toward full agricultural self-sufficiency.

For, although grain is no doubt the most important ingredient for feeds, production of good meat and use of efficient feeding practices require that grain be enriched with protein feeds from either vegetable or animal sources. And this is the area in which Czechoslovakia is deficient.

As production of livestock and livestock products expands, the country is becoming more and more dependent on foreign supplies of these basic ingredients for feed. Today, it can supply no more than 25 to 28 percent of the needed protein feeds, and there appears to be no relief in sight.

PERPETUATING this deficit is the livestock industry's soaring demand for mixed feeds. Total use of protein feeds, for instance, leaped by over 50 percent between 1970 and 1975, with the mixed feed industry now consuming about 825,000 tons of these products annually. Of this amount, the country can produce only about one-fourth, mainly rapeseed and pulses.

Since the potential for major increases in protein meal production is relatively small, further improvement in livestock feeding can come only through increased dependence on imported proteins.

The chances of this improvement taking place are fairly good, although not so strong as in many other European countries since Czechoslovakia's livestock feeding practices already rank among the more advanced in Europe. The proportion of total grain fed to livestock without protein supplement, for instance, now stands at about 22 percent—down from 28 percent in 1970—whereas that proportion goes beyond 50 percent in some European countries.

Still, even Czechoslovakia has some room for further expansion in livestock feeding. With 80 percent of the country's grain for feeding coming from wheat and barley, which is relatively high in proteins, 13 percent of the mixed feeds, or 715,000 tons, represents protein feed. This means that in 1975 the mixed feed industry used some 4.8 million tons of grain enriched with protein feed for poultry and hog production. Another 700,000 tons of grain were mixed with the remaining 110,000 tons of protein feed for other types of livestock feeding (mainly poultry layers).

These figures, in turn, suggest that out of the 7.5 million tons of grain fed to livestock in 1975, only 5.5 million tons—or about three-fourths—were enriched with protein feeds. Any further enrichment of this remaining 2 million tons would be translated into increased imports—of some 300,000 additional tons of protein feed (soybean meal equivalent).

Grain imports, in contrast, could be eliminated if the country meets its goal of a 12-million-ton crop by 1980—not an impossible task.

There also remains concern about the future direction of the country's food policy. On the one hand, further improvements in the diet of the people will require the spending of more hard currencies, possibly creating problems for the country's already-negative trade balance. On the other hand, prospects for larger world supplies of protein feeds—with consequent expectations of lower prices for these products—may prompt Czechoslovakia to improve further the feeding efficiency of its livestock industry. U.S. soybean meal sales to Czechoslovakia therefore appear likely to continue strong for the foreseeable future.

Soviet Production of Fresh Vegetables Faltered in 1975

By ANGEL O. BYRNE
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THE SOVIET UNION'S steady expansion in fresh vegetable production during the 1970's faltered slightly last year.

Final figures show that 1975's output totaled 23 million tons, 7 percent less than the previous year's and 16 percent below plan, though the crop was the third largest ever harvested. The area planted to the 1975 vegetable crop surpassed 1974's high, but bad weather ruined the Soviets' expectations for a record harvest.

Though Soviet production of fresh vegetables has shown faster growth during the 1970's than during the previous decade, output is still falling short of domestic demand. Production has increased 40 percent since 1965 but the Soviets remain hard-pressed to meet rapidly rising demand.

The Government's purchases of fresh vegetables have also been expanding rapidly over the past several years. The Government procured a record 59 percent of the 1974 crop—near the 1971-74 average of 57 percent, and well above the 40-percent average recorded in 1961-65.

Per capita consumption of fresh vegetables swelled to 87 kilograms in 1974 from 72 kilograms in 1965, but this is still far below the desired consumption norm set by Soviet scientists at 146 kilograms.

Despite the relatively strong gains in total production, increases in Government purchases, and growth in per capita consumption in recent years, Soviet leaders consider the problem of supplying a sufficient amount of fresh vegetables—especially to large cities and industrial centers—to be acute.

The demand for certain vegetables, such as cucumbers, garlic, tomatoes, eggplant, cabbage, and green, leafy varieties is especially high and continually rising. Production, however, is not expanding fast enough to meet the demands.

The shortfall continues despite steady gains in production of most vegetables. Comparison of output totals for 1971-74 with the previous 5-year period shows increases of 23 percent for cabbage—which accounts for a third of total vegetable production—33 percent for root vegetables, 27 percent for tomatoes, 9 percent for cucumbers, and 5 percent for onions.

The most recent available breakdown on vegetable production by variety on State and collective farms was in 1970, when cabbage output was 5 million tons; tomatoes, 3 million; and carrots and cucumbers, 1 million each. Beets and onions were around the 700,000-ton level that year.

In an attempt to offset plan shortfalls in production and purchases of fresh vegetables grown in the socialized sector, the Soviet Government purchases some fresh vegetables grown in the private sector. Vegetable production in the private sector increased 13 percent from 1965 to 1974 but its share of total output has declined from 41 percent to 33 percent.

GOVERNMENT purchases of private plot vegetables have jumped almost two-thirds since 1965 and reached a record level in 1974. The private plot share of total Government vegetable purchases has remained constant, however, at 6 percent for the past several years.

In 1974, the socialized sector produced 16.8 million tons of vegetables and the private sector 8 million. The Government purchased 13.8 million tons from the socialized sector, and a little less than a million from the private.

Government purchase prices for vegetables produced on private plots are reported to be higher than those paid to the socialized sector, despite the relatively lower quality of the privately grown vegetables. The higher prices are apparently an incentive for private growers.

Because private plot areas are small, the use of large machinery is impractical and smaller machines are not available—which necessitates a large amount of hand labor. The relatively low quality of privately grown vegetables is the result of fewer, and perhaps poorer, farm inputs than those available to the socialized sector. Apparently private-sector vegetables often fail to meet Government standards for processing.

Despite its growth in sales to the Government, the private sector is still not supplying enough vegetables to fill the gap between socialized-sector output and domestic demand.

To meet demand and maintain reasonable levels of consumption, the Soviets have had to turn increasingly to foreign suppliers during the past decade. Soviet imports of fresh vegetables have risen since 1965, but fluctuated considerably depending on domestic production.

The Soviets' fresh vegetable imports during 1965-1974 have ranged from a low of 130,000 tons in 1966 to a peak 269,000 tons in 1972. Imports were 196,000 tons in 1974 and may have been slightly higher last year, though final figures have not yet been reported. Bulgaria, Hungary, and Egypt have been the Soviets' major suppliers.

Canned vegetable imports have more than doubled since 1965, reaching a peak 878 million cans in 1973 but dropped to 840 million in 1974, probably because of the record vegetable crop in 1973. The major canned vegetable suppliers have been Bulgaria, Hungary, and Romania.

Data on Soviet exports of vegetables are not available because they are included in a total figure with fruits and berries. Soviet vegetable exports are thought, however, to be minimal.

Per capita consumption of fresh vegetables (including melons, excluding potatoes) in the USSR has gained in recent years but still remains well below the consumption norm of 146 kilograms prescribed by the Institute of Nutrition of the Soviet Academy of Sciences.

In 1975 the Soviets planned to raise the consumption level to 109 kilograms from 87 kilograms in 1974. Because the 1975 vegetable crop fell below plan, however, the ambitious consumption

Continued on page 11

FARMERS OUTPERFORMED DUTCH ECONOMY IN 1975

WHILE THEIR nation's economy fell victim to the worst recession since World War II, Dutch farmers put in a creditable performance last year, with value gains of 10 and 12 percent, respectively, in agricultural production and exports. And so far they seem headed for a good 1976—brightened by continuing recovery from the 1974-75 recession.

That recession also failed to halt growth in the Netherlands agricultural import trade, as a tight world grain situation spurred reexports of grain via this North Sea gateway to other European markets. Among the beneficiaries was the United States, whose preliminary trade figures show a nearly $120-million jump in 1975 farm exports to the Netherlands to a record $1.72 billion. The Netherlands thus stands as the world's second largest U.S. farm market next to Japan (before subtracting the sizable percentage of trade transhipped to other markets).

As usual, soybeans and grains dominated U.S. farm exports to the Netherlands last year. Soybeans were the largest U.S. moneyearner, albeit a rather disappointing one with their export earnings preliminarily estimated down to $614 million in 1975 from $638 million in 1974. These were followed by corn, at $542 million ($443 million in 1974); wheat, $129 million ($95 million), and grain sorghum, $59 million ($53 million). Tobacco was a leading nongrain export, bringing $40 million last year compared with $38 million in 1974.

Prospects are for continuing strong U.S. sales to the Netherlands in 1976. Gainers shoud include U.S. soybeans and soybean mean, as they rebound from their depressed 1975 levels; rice; and fresh and processed fruits and vegetables.

Among other major exports, the outlook is mixed—unchanged sales likely for U.S. tobacco; steady to lower exports for wheat and feedgrains; and reduced shipments for cotton.

Whether these expectations are borne out, of course, depends on world crop production this year, especially of the all-important grains. They also hinge on the Netherlands success in pulling out of the recession that began crippling its economy in the fall of 1974.

As in other nations, inflation was the forerunner of this economic reverse, setting a 13 percent yearly pace in 1974 and a slightly more respectable 10.5 percent in 1975. The recession that followed combined with inflation to bring a reduction in per capita income, at constant prices down 4 percent in 1975, while boosting the unemployment rate to a postwar record of around 5 percent in 1975.

The Netherlands economy now shows signs that it is emerging from the recession. Industrial production is picking up, inventories are bottoming out, and growth in unemployment is slowing. Inflation, on the other hand, is being attacked via a new wage freeze—holding wage increases at 4.5 percent or less for the first half of 1976—along with a continuing price-control program.

Although some indicators remain weak, Dutch officials foresee further improvement in the economy, with perhaps a 3½ percent increase in the 1976 gross national product and inflation holding at about 10 percent. The question now facing the country is how best to stimulate the economy without triggering another round of wage and price inflation.

In the gloomy economic setting of 1975, Dutch agriculture stood out rather favorably. Although volume of gross farm production changed little from 1974, value rose some 10 percent to around $7.4 million, with a 9 percent jump in farm prices accounting for the advance. Dutch agricultural and horticultural exports also rose last year, moving up 4 percent in volume and 12 percent in value, with strong price gains in dairy products, livestock and meat, and potatoes.

Grains. A minor grain producer, with a total crop of only about 1 million metric tons, the Netherlands last year suffered some severe setbacks in winter wheat production as a result of adverse weather during the fall and early winter of 1974/75. The result was a nearly 30 percent reduction in last year's wheat output to 528,000 tons. However, Government intervention stocks of wheat on August 1, 1975, were 154,000 tons, or almost four times those of 1974, so that the country's total wheat supply remained close to normal. In addition, barley—the leading domestic feedgrain—gained slightly in 1975 to total 336,000 tons.

Dutch trade in wheat and feedgrains, on the other hand, maintained a record pace in the first part of the 1975/76 marketing year (August-July) in response to strong demand from transshipment markets.

For wheat, preliminary figures for the first 4 months of 1975/76 show record imports of 945,000 tons, compared with 534,000 in 1974. Over two-thirds of this trade came from third countries and less than one-third from European Community nations, whereas the breakdown in 1974 was 50/50. Thus, the 1975/76 imports from non-EC sources, mainly the United States, rose some 186 percent over those of the 1974/75 period.

BEHIND the trade shifts were the sellers' market for wheat that followed last year's huge Soviet grain shortfall; the relatively low EC import levy that resulted from higher world market prices for wheat; and favorable monetary compensations for reexports of grain to the United Kingdom. The latter factor has prompted unusually heavy reexports of wheat to the United Kingdom—probably between 380,000 and 385,000 tons during August-November 1975. Another 140,000 tons went to West Germany.

While reexports of wheat soared to around 600,000 tons during August-November 1975 (from under 100,000 in the same 1975 period), Dutch wheat imports for domestic use dropped about 12 percent. The decline came as use of non-EC wheat in flour milling fell 6 percent—with French wheat taking up the slack—and use of wheat in animal feed during August-November sank to 27,300 tons from 107,500 in the 1974 period.

Heavy shipments of non-EC wheat, particularly U.S. wheat, are seen continuing for the remainder of 1975/76, but at a slower pace than in the first few months. Domestic use of non-EC wheat will also continue at reduced levels.

Strong demand from reexport markets also kept feedgrain imports at a record pace in the first 4 months of 1975/76, although buying from non-EC markets was lower than in the year earlier. After hitting a record 5.5 million tons in 1974/75, these imports reached 2.25 million tons during August-Novem-

ber 1975/76, 2 percent more than in the same period of 1974/75. Imports from outside the EC (most from the United States) dipped 2 percent below the previous year's to 1.9 million tons, while feedgrain reexports—mainly to the United Kingdom and West Germany—rose 5 percent to 931,715 tons.

Here again, imports for domestic use are estimated 10 percent lower than those in the 1974 period. For the remainder of 1976, non-EC feedgrains will probably remain at a competitive disadvantage on the domestic market, while demand from reexport markets for non-EC feedgrains may also slacken.

Fats and oils. Dutch soybean imports (mainly from the United States) in January-November fell 16 percent below the previous year's to 1,164,503 tons as larger copra imports took up part of the slack.

Even heavier inroads were made in the oil market by coconut oil (whose imports last year were five times those of 1974), palm oil (up 30 percent), and palm kernel oil (up 71 percent). The net result was a 28 percent decline in imports of other vegetable oils (with soybean oil off 24 percent) and a 14 percent decline in imports of animal fats.

Present price patterns indicate a moderate recovery in Dutch imports (and crushings) of soybeans in 1976. But the fats and oils scene will probably continue to be dominated by copra, coconut oil, and palm kernel oil.

Poultry, livestock, and meat. On balance, 1975 was a good year for the Dutch livestock and meat industry. Even while supplies were augmented by a record cattle slaughter and continuing high pork slaughter, producer prices for beef and pork tacked on gains of 13 and 12 percent, respectively. And, in the midst of recession, per capita meat consumption last year rose about 4 pounds to 132 pounds—the gain attributed in part to the Netherlands generous statutory minimum wage, which amounts to around $6,450 for a person 23 or over.

For 1976, conflicting trends will be at work in the livestock industry. Pork production is seen rising in the second half of the year, with a probable bearish impact on prices. But with cattle numbers down to 4.5 million head on January 1, 1976, from their peak of 5 million head in June 1974, a 10-20 percent decline is seen for 1976 cattle slaughter.

Poultry producers spent much of 1975 working out from under the high stocks and low prices experienced in 1974. They were moderately successful, achieving a 2.9 percent cut in poultry meat production to 305,500 metric tons, RTC weight, last year and a 17 percent reduction in carryover stocks of poultry meat.

Dutch egg production last year rose to 5,300 million from 4,808 million a year earlier, as a difficult supply situation was eased by a 25 percent cut in egg imports and 19 percent gain in exports.

For 1976, a slight increase is seen for Dutch production and exports of broiler and turkey meat, while production of other poultry meat holds steady and egg output declines.

Dairy. Dutch production of milk and most dairy products continued to grow in 1975, with milk deliveries to factories up to 9,850,000 tons as of December 27, 1975, from 9,464,000 the year before and gains in production of butter, whole and partially skimmed dry milk, and nonfat dry milk.

As in other EC nations, dairying has come to be the No. 1 farm problem in the Netherlands. The problem centers around the nonstop growth in milk production and, in the face of static milk consumption, diversion of fluid milk to dairy products such as cheese, butter, and nonfat dry milk. Lacking sufficient outlets—and supported by Government intervention (support) buying—increasing quantities of these products then find their way into Government stocks, especially stocks of nonfat dry milk. As of December 27, 1975, for instance, Dutch stocks of nonfat dry milk stood at 147,000 tons, nearly five times the 32,000 tons held at the same time in 1974.

EC Commission proposals to correct the imbalance, however,have come under heavy attack from Dutch dairy farmers. The Dutch are fiercely opposing the proposal that intervention prices for nonfat dry milk be removed as of September 1976 and replaced with an orientation price. This proposal would mean that intervention would not be automatic but instead made on open bids at probably lower prices.

ALSO PROPOSED is a plan to require use of nonfat dry milk in animal feeds—politically, more acceptable to Dutch and other EC farmers but a potential threat to U.S. soybean meal used in animal feeding.

Fruits and vegetables. The big news in the fruit and vegetable market was the country's short potato crop and strong interest in importing fresh U.S. fruits and vegetables.

The European potato shortfall did not miss the Dutch, whose 1975 crop is estimated down 1 million tons to 5 million. The shortfall, in turn, has limited export availabilities in the Netherlands, whose shipments of 1.2 million tons last year made it the world's leading exporter of fresh potatoes.

Prices, meantime, have risen to about five times those prevailing last year, while trade sources have sought potatoes in the United States, Canada, and Mexico for shipment to other European countries, mainly in southern Europe.

The Dutch Product Board has cautioned, however, that fresh potato imports from the United States are unlikely since the Dutch are not used to the taste of U.S. varieties.

While U.S. fresh potato imports are not currently possible, other U.S. fruits and vegetables are becoming well established in the Dutch market—as witnessed by a 98 percent jump in value of U.S. citrus sales to the Netherlands during the first 11 months of 1975 and a 232 percent leap in sales of other fresh fruits. Some highlights of this trade:

- U.S. exports of fresh oranges to the Netherlands last year rose more than 200 percent to total 138 million pounds.
- U.S. pear exports soared an incredible 400 percent;
- U.S. pepper exports nearly tripled the 400,000-pound level of 1974;
- With its acceptance actually aided by the cheaper Spanish iceberg lettuce now available on the market, U.S. iceberg lettuce has enjoyed a 44 percent sales gain since 1974.
- Sweet corn is an increasingly promising candidate for export to the Netherlands and other neighboring countries.

Sugar. Stimulated by attractive prices, Dutch farmers increased their sugarbeet area 25 percent in 1975. In the end, they harvested a record 6 million tons of sugarbeets, for a 1975 sugar production of 840,000 tons (compared with 715,000 in 1974). An unchanged to slightly larger crop is in prospect for 1976.

—Based on dispatch from JAMES A. HUTCHINS, JR.
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U.S. Foods Face Uncertain Future in Venezuela-Colombia

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THEY ARE in the midst of rapid economic and population growth; per capita incomes are on the rise; and their total imports of U.S. farm products in 1974 set alltime records—conditions that would normally mark Venezuela and Colombia as growth markets for U.S. consumer-ready food products. But in reality prospects for enlarging U.S. sales of consumer-ready products to these markets are slim, since both are using tariffs and other import barriers to protect local industries.

Such is the conclusion of a study of the two markets, one of a series of market studies conducted jointly by the Foreign Agricultural Service and the National Association of State Departments of Agriculture to determine marketing opportunities for U.S. foods.

The study did note some areas of potential growth for imports of U.S. consumer-ready foods, but for the most part, these are already well-established products. They include:

- Venezuela—apples, pears, raisins, prunes, nuts;
- Colombia—peanuts, spices, nuts, and wine, as well as a more limited potential for raisins and prunes.

In addition, both countries continue as sizable markets for bulk products, primarily grains and oilseeds and, to a lesser extent, dried beans and lentils (with U.S. products competing largely with imports from Andean Pact nations, the favored suppliers). The countries also often make large purchases of U.S. breeding animals.

The study—which focused on the major Venezuelan cities of Caracas and Maracaibo and the Colombian cities of Bogotá, Medellin, Cali, Cartagena, and Barranquilla—found protecting local processing industries to be an overriding concern in both Venezuela and Colombia. Consequently, each country carefully regulates imports of foodstuffs, requiring that health and sanitation standards be met, that all items be registered, and all imports be accompanied by a license.

Although actual health standards present few problems for U.S. exporters, since they are consistent with those in the United States, the sanitation requirements are considered to be a significant trade barrier because of the red tape and long delays involved. Licensing and registration are complicated, time consuming, and expensive. And except for a handful of products, most U.S. foodstuffs must surmount duties that range from 30 to 200 percent of product value.

AT THE same time, special tariff treatment is given to competing products from other Member States of the Andean Pact—Bolivia, Chile, Ecuador, and Peru. Under the consensus of Lima, signed and ratified in 1973, these Pact countries are working toward abolishment of all individual-country duties by 1980.

This enlarging Pact role means that the United States will realize fewer export possibilities in these countries.

U.S. food exporters are also up against such obstacles as an abundance of domestically produced fresh products; a lack of interest in processed and ready-to-serve foods, especially in Colombia; and port congestion in Venezuela.

These roadblocks notwithstanding, the recent past has witnessed sizable growth in U.S. farm product sales to both Venezuela and Colombia.

U.S. farm exports to Venezuela in 1974, for instance, soared 200 percent above those in 1973 to reach an alltime record of $323.2 million and make Venezuela the largest U.S. farm market in South America. Most of this expansion was in grains, oilseeds, and hides and skins, while sales of consumer-ready products—largely dried fruits, nuts, and fresh fruits (mainly apples and pears), and fruit and vegetable juices—rose 23 percent, to $13.2 million.

Preliminary figures for 1975, however, show that the rising trend was not sustained in 1975, when U.S. farm exports fell 14 percent to $277 million.

The United States also saw its total farm exports to Colombia reach a new record in 1974—$137.5 million compared with $114 million in 1973—but then sink to $85 million in 1975. Bulk products account for around 98 percent of these totals. Those consumer-ready foods on the market consist mainly of nuts, sauces, wine, fresh peaches, and dietetic foods.

The United States rapid trade growth in 1974 reflected a number of unique conditions. The world market that year continued under the influence of the shortage psychology that followed major grain and oilseed shortfalls in 1972. Rapid population growth rates—2.9 percent in Colombia and 3.4 percent in Venezuela—and fast economic growth generally served to inflate demand for imported farm products. And in Venezuela windfall oil profits resulting from the steep increase in petroleum prices since 1973 had sparked a buying spree.

Both countries, however, are interested in increasing their agricultural self-sufficiency and have recently come up against problems that could limit future expenditures of foreign exchange significantly.

Colombia has a chronic foreign exchange shortage and is concerned about the growth in its outlay for food.

Venezuela has seen some of the initial euphoria of the oil boom wear off as a result of declining world consumption of petroleum products. This has coincided with already vastly increased expenditures, aimed at bettering the living conditions of Venezuelans and carving out a place for the country as an industrial giant.

A further look at the two countries—and their market situation as revealed in the study—follows:

Venezuela. Theoretically, Venezuela's vastly increased oil revenues of the past 3 years—estimated at $10.3 billion for 1974 alone—and its rapidly increasing wages should translate into expanded demand for consumer-ready

foods, including processed and convenience items as well as fresh products. Apparently, some change in this direction already has taken place, but most of the benefits so far have gone to domestic industries or those of other Andean Pact nations.

Indeed, there is a policy in Venezuela to promote national products, and all retailers interviewed in the study indicated that whenever possible they buy locally. Even representatives of the tourist hotels catering to Americans said they buy fresh domestic fruits and vegetables daily, depend little on processed or convenience foods, and limit imports to such luxury items as caviar and hors d'oeuvres.

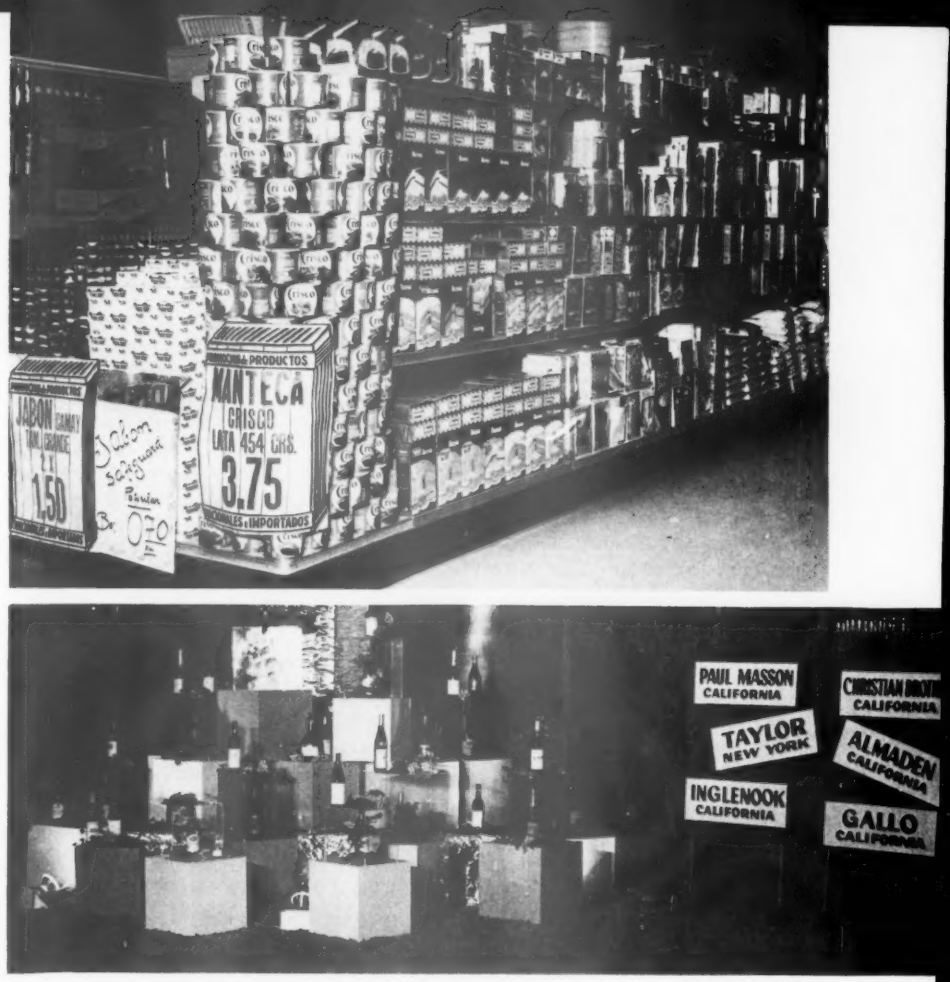
Retailers are aware of most new U.S. products on the Venezuelan market—and welcome information on others. But they are reluctant to introduce such products because of the complicated import procedure and the high promotion costs. Some indicate that in the past they were willing to import products but were given no assistance from retail outlets when the time came for introducing the items.

The food distribution system in Venezuela varies from street vendors to ultra-modern supermarkets with the latter now holding the lead in volume of business. Three supermarket chains also are on the scene and resemble the most modern U.S. supermarkets with their wide selection of foods, small kitchen utensils, paper, soap goods, and other products. Some 7,000-9,000 different items are typically stocked.

Venezuelan consumers have made some movement from fresh produce to processed foods, but only very gradually and with greater interest in canned, rather than frozen, foods. Quality is a key concern—with leading U.S. brands often held as the quality ideal. But inflation also has made an impact, especially in the food market, prompting growth in consumerism; as one source put it, "Ralph Nader is on the rise."

Among specific items, imported nuts and dried fruits appear to be in demand during the Christmas season, with all retailers interviewed reporting that they import nuts for Christmas. Purchase of dried fruit is limited to the Christmas season and considered "hardly worth importing throughout the year."

Fruit juices and drinks are popular in Venezuela, although they are not consumed at breakfast as in the United States. Two major Venezuelan companies produce fruit juice or drinks, with one of them accounting for 72 percent of all juices sold in Venezuela. The most popular juice is pear, followed by peach and apricot.



Top, a leading Caracas supermarket chain featured U.S. food products during a 1971 point-of-purchase promotion sponsored by FAS. Above, scene from a 1974 promotion of U.S. wines in Bogota, Colombia. U.S. wines are among the few U.S. food products that have been selling well in Colombia.

Dietetic foods—which are neither produced in Venezuela nor normally stocked by supermarkets—are reportedly requested occasionally. However, importing them might be difficult since Government officials view them as directly competitive with the Venezuelan sugar industry.

One fact of life in both Venezuela and Colombia is the widespread availability of contraband foreign products at prices comparable to those produced locally. When some businessmen were asked if they imported from the United States, they said that importation was unnecessary since they could buy all the U.S. goods they wanted contraband.

Other trade comments focused on Venezuela's less-than-satisfactory port system, with frequent congestion and increased shipping charges resulting from the long waits prior to unloading. Other problems mentioned in the interviews were pilferage, lack of containerization, and the tendency to add a number of items to coolers en route to Venezuela, with resulting sharp temperature changes and spoilage of produce.

The procedure for getting import clearance in Venezuela—which is similar to that for Colombia—includes the following steps:

• To meet sanitation requirements, the prospective importer must file an application with the Minister of Health, Public Health Administrator, Division of Food Hygiene and specify name and type of product; trade name; manufacturer's name and complete address (if packing firm and manufacturer are not the same, both addresses must be given); ingredients, including the sanitary registration number for any artifi-

cial flavoring used; type of materials used in containers; storage instructions; shelf life; and identification number of product lot.

The importers must also provide three product samples; three copies or samples of the planned labels, stamps, or prints destined to inform the public; official certification that the import is authorized for human consumption at the country of origin; and a letter from the manufacturer authorizing the applicant to carry out the procedures described.

Several additional steps are necessary for the import of alcoholic beverages, and labels in languages other than Spanish must be translated.

All told, it may take from 1 to 1½ years to obtain a sanitation certificate for U.S. food products, and cost per product for this clearance runs close to $500.

• A license must be secured for importation. Some 57 agricultural items are officially listed as requiring a license, but it is safe to assume that all food imports need licenses. In Venezuela, the complete listing may be secured from the Ministerio de Fomento.

THE IMPORTER desiring a license files an application with the Ministry of Agriculture stating what items are desired and the amount, weight, and overall description of the item. Actual licensing is based on estimated domestic consumption of an item subtracted from projected domestic production. Individual licenses also are usually based on the amount purchased by the importer in previous years, with the same percentage of a given import generally allocated from year to year.

Colombia. Although economic growth has been rapid—in recent years averaging over 6 percent—Colombia is currently caught up in some major economic problems. These include an inflation rate that reached 15 percent in 1974 and unemployment that ranges between 10 and 14 percent.

The country has made some moves to diversify its agriculture—including efforts to expand soybean output—but still depends heavily on coffee for its foreign exchange earnings. Farm imports come largely from other Andean Pact nations, with the United States and other outside suppliers being mainly residual sources for grains.

The country's food marketing system is similar to that of Venezuela's, ranging in scope from street vendor to supermarket. Cooperative supermarkets and similar retail outlets are becoming a dominant force in Colombia's food trade. There are more supermarket chains in Colombia than in Venezuela, but average store size is smaller, as is the number of stores per chain—about 3 to 12. Supermarket owners are quick to indicate a lack of imported products for sale, or interest in obtaining them. Probably around 95 percent of their line is domestically produced, with the Andean nations accounting for another 4 percent. This leaves only 0.5 percent from suppliers outside the Andean Pact.

The disinterest in imports carries over into the hotel and restaurant trade.

U.S. wine, in contrast, does offer some prospect for gaining a larger foothold in Colombia. The country's import of U.S. wines last year totaled $135,000—a 47 percent gain from 1974 and over 25 times the $5,600 averaged during the 1968-72.

This trade growth was helped by a wine tasting promotion in Bogotá in April 1974, in which six U.S. wine firms participated.

Also encouraging is the strong retailer interest in U.S. dietetic foods, which currently are not readily available on the market. The main interest seems to be in dietetic drinks.

Otherwise, opportunities for introducing new U.S. products are limited. Colombian shoppers are quality minded and associate U.S. products with quality—as evidenced by the number of Colombian labels that are similar to those of major U.S. brands. However, a continuing abundance of inexpensive domestic help, plus a shortage of freezer space, has served to suppress interest in processed and convenience foods. Also, supermarket officials interviewed said fresh fruits and vegetables are so abundant that the need for canned fruits and vegetables is minimal.

Another reported drawback to increasing U.S. food sales was the lack of U.S. trade interest in the market, owing in part to the small size of most orders.

Despite the limited prospects for U.S. processed foods in Venezuela and Colombia, opportunities exist. FAS will continue its work to expand these opportunities and to improve market access in the two countries.

Yugoslav Farm Import Needs Up

Yugoslavia's food-import requirements have expanded as a result of disappointingly small 1975 crops of wheat and sunflowerseed and the sugarbeet harvest's less-than-anticipated sugar content.

Yugoslavia is reported to be negotiating for importation of several hundred thousand tons of wheat because of the shortfall in 1975 wheat production.

Corn, however, is a bright spot in Yugoslavia's farm economy. Production of corn in 1975 is now estimated at 9.4 million tons, and more than 500,000 tons are available for export.

The sunflowerseed crop, which was estimated in November at 340,000 tons, now is believed to amount to about 273,000 tons, compared with a harvest of 298,000 tons in 1974 and a record 433,000 tons in 1973.

As a result of this smaller 1975 harvest and low oil content, imports of edible oil in 1976 are now estimated at about 110,000 tons, to help cover Yugoslavia's needs of 220,000 tons. Imports in 1976 probably will include 95,000-100,000 tons of soybean oil (including oil equivalent of soybeans) from the United States.

Average sugar content of Yugoslavia's 1975 harvest of sugarbeets is now estimated at 11.5 percent, compared with September's estimate of 12 percent. As a result of the lower sugar content, sugar production in 1976 probably will total only about 460,000 tons, compared with an earlier estimate of 532,000 tons. The 1974 crop yielded 462,000 tons.

Assuming domestic needs of about 680,000 tons and a drawdown of stocks to cover one-third of the shortfall, imports of about 160,000 tons will be required—the same amount estimated for 1975. —MILES J. LAMBERT, ERS

EC Alters Export Subsidies

The EC Commission has eliminated export subsidies for fresh tomatoes and field-grown grapes, and has reinstated export subsidies for fresh oranges and lemons.

The subsidy for oranges ranges from 4.60 to 6.60 units of account (u.a.) per 100 kilograms (about $1.24 for 220 pounds), and that for lemons from 1.44 to 2.50 u.a.

Soviet Vegetables

Continued from page 5

goal was probably not attained.

Despite the overall gains in output and consumption in the past several years, it is doubtful that Soviet production will satisfy fresh vegetable demand or will approach the prescribed consumption norm in the near future. More improvement in production technology and especially in marketing methods are still needed.

The Soviets recently expressed interest in learning U.S. technology and methodology for vegetable production. A Soviet team is scheduled to visit the United States in September 1976 to study methods of improving the organization and management of Soviet agro-industrial complexes in fruit and vegetable production.

Soviet vegetable production and marketing have been plagued by numerous problems through the years. Aside from adverse effects of unfavorable weather on vegetable crops in some years, growth in production and marketing has been hampered most significantly by operational factors.

According to the Soviets, the area sown to vegetables such as cucumbers and onions has gradually decreased in some Republics. Consequently, these vegetables have had to be shipped great distances to certain areas from other parts of the country.

One problem in boosting vegetable yields and quality has been an apparent lack of attention to development of improved seed varieties. To rectify this weakness, Soviet officials have recommended that specialized vegetable-seed-growing State farms be established to concentrate on seed development.

The most serious obstacle in satisfying demand, however, has been the lack of an effective network for transporting fresh vegetables from farms to domestic retail markets and processing enterprises—the result of which has been excessive spoilage and damage of fresh vegetables in transit. As much as 40 percent of fresh vegetables and fruit are reportedly lost in shipment.

Contributing to the high losses are a lack of proper crates and containers; slow long-distance rail transport of perishable vegetables in open cars; and manual loading and unloading of vegetables. Because of the lack of proper crating and the poor transportation, a considerable amount of vegetables perish on the farms, is lost enroute to the receiving points, or is allowed to pile up and rot at the receiving points.

To cut down on the farm-to-retail losses, many Republics have implemented a new, more centralized, and less cumbersome system of purchasing vegetables from farms. The Republic retail trade organizations and industrial processing enterprises now can purchase vegetables directly from the farms, which eliminates several steps in the transport network.

To improve and maintain a regular supply of fresh vegetables to cities and industrial centers, some Republics have also established specialized zonal vegetable procurement trusts, whereby each procurement agency is assigned to a prescribed urban area in the Republic. The procurement trusts are responsible for controlling the purchases, storage, maintenance, and supply of vegetables for markets in cities and industrial centers.

In recent years, the Soviets have also devoted more attention to developing hothouse vegetable growing near urban and industrial centers in order to guarantee a steadier, faster flow of fresh vegetables to those areas. Thus far, progress has been slow and hothouse production insubstantial.

One criticism noted in the Soviet press regarding the current system of hothouse-vegetable growing has been the imbalance in Government purchase prices for various hothouse vegetables. Because of the slow improvement in the price structure of some vegetables, many hothouse enterprises tend to concentrate on cultivating only those vegetables that are most profitable and ignore those vegetables that are more in demand but costlier to produce.

Hothouses are reportedly growing mostly cucumbers—and to a much lesser degree tomatoes and green leafy vegetables, which are more in demand. Retail and Government purchase prices for hothouse cucumbers and tomatoes are about the same, but the cost of producing cucumbers is one-half to two-thirds that of producing tomatoes.

To resolve these inequities, Soviet officials have recommended that purchase prices for hothouse cucumbers be lowered, rather than raising the prices for tomatoes.

Changes in the price structures for hothouse onions, lettuce, and red cabbage are also being considered. For example, the current Government purchase price for hothouse onions does not cover production costs. As a result, many hothouse managers consider onion production a losing proposition and refuse to grow them.

By the end of the 1971-75 plan, nearly 1,500 hectares of hothouses and 5,500 plastic-covered hectares of vegetables were reportedly projected to be in operation. During the present 5-year plan the Soviets intend to add 900-1,000 hectares of hothouse vegetables annually.

Vegetable growing on newly commissioned irrigated areas near large urban and industrial centers has also been stressed in recent years. In 1974, the Soviet Government included measures in its national plan for the first time to finance irrigation of 136,000 hectares for vegetable growing in 1974 and an additional 150,000 hectares in 1975.

SOVIET VEGETABLE PRODUCTION, PROCUREMENTS, TRADE, AND CONSUMPTION; 1965–74, AND 1975 PLAN

Year	Area	Production [1]	Government procurements	Imports [2]		Per capita consumption [3]
				Fresh [1]	Canned	
	1,000 hectares	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Million standard cans*	*Kilograms*
1965	1,404	17,627	7,724	168	319	72
1966	1,400	17,857	7,954	139	509	73
1967	1,429	20,534	9,469	151	600	80
1968	1,425	19,011	9,099	169	528	80
1969	1,447	18,745	9,638	182	535	76
1970	1,499	21,212	10,918	163	623	82
1971	1,519	20,840	11,467	200	776	85
1972	1,578	19,941	11,234	269	866	80
1973	1,621	25,927	14,125	162	878	85
1974	1,642	24,811	14,657	196	840	87
1975	[4] 1,653	23,000	[5] 16,025	([6])	([6])	[5] 109

[1] Excluding potatoes. [2] There are no comparable data available on exports of vegetables. [3] Including melons; excluding potatoes. [4] Preliminary Soviet data. [5] 1975 plan. [6] Not yet available.

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PRC To Purchase 700,000 Tons of Wheat From Australia

Australia recently negotiated the sale of 700,000 metric tons of wheat to the People's Republic of China (PRC). This subcontract, signed January 24, 1976, is probably the final portion of a 3-year contract. The grain is to be delivered before the end of 1976. So far in this marketing year (Dec. 1-Nov. 30) about 100,000 tons have been exported.

The 3-year agreement signed in October 1973 between the PRC and Australia called for a total of 4.7 million tons of wheat to be shipped between January 1974 and December 1976. Now, it appears that the total for the contract will only be 3.3 million tons. The reluctance of the PRC to purchase the agreed-upon amount may have been influenced by its excellent wheat crops in both 1974 and 1975.

The PRC has been the major importer of Australian wheat for the past decade, averaging 1.4 million tons per year—20 percent of Australia's wheat exports. The 1974-76 accord is the first long-term wheat agreement between the two countries.

The PRC produces nearly 10 percent of the world's wheat. But total imports, which have averaged about 4.5 million tons per year, have not diminished in the past 15 years despite an estimated 50 percent increase in production over the period.

The PRC will probably continue to purchase wheat for at least the next few years, and they have apparently been satisfied with Australia's grain—both in terms of price and quality. Moreover, Australia's wheat production is becoming more reliable and larger. This, plus the fact that the two countries are geographically close and are traditional traders, suggests that further substantial trade will occur between Australia and the PRC.

Australia, whose production is always erratic, holds third place among world wheat exporters, having shipped an average of 7 million tons per year for 5 years.

Maintaining buyers in Asia and Africa is essential to Australia's future as a wheat exporter because Australia has a distinct distance disadvantage with respect to the European and USSR markets.

During 1975/76 (December-November), Australia expects to export a record 9 million tons. In addition to the 800,000 tons to the PRC, the Australian Wheat Board anticipates shipments of 1.5 million tons to the USSR, and 1 million tons each to Japan and Egypt, plus smaller quantities to its many other traditional customers.

The exporting of 9 million tons in the current marketing year will be almost impossible to achieve. To do so, the rate of shipping must exceed 780,000 tons each month for the next 10 months, something Australia has never done. Australia's capability is probably near 850,000 tons per month.

U.S. wheat trade with the PRC began in fiscal 1973. Previously, Canada had been the primary supplier in conjunction with Australia, and Canada and the PRC have a contract for 4.9 million to 6.1 million tons. For the 3 years ending June 1975, the U.S. share of PRC wheat imports averaged over 30 percent; however, the PRC is not expected to import any U.S. wheat in fiscal 1976.

But the importation of large quantities of wheat over the past 3 years, coupled with high levels of domestic production in the PRC, have already led to a decrease in the quantity of imported wheat demanded. At present the PRC has no long-term agreements past March 1977.

—By LYNN A. AUSTIN, ERS

AUSTRALIAN WHEAT EXPORTS TO THE PRC,[1] 1966/67-1975/76
[In million metric tons]

Year [2]	Volume	Year [2]	Volume
1966/67...	2.9	1971/72...	0
1967/68...	1.7	1972/73...	.6
1968/69...	1.8	1973/74...	1.3
1969/70...	2.5	1974/75...	1.4
1970/71...	.1	1975/76... [3]	.8

[1] Australian Wheat Board data, except as indicated. [2] December-November. [3] ERS projection.

*U.S. GOVERNMENT PRINTING OFFICE:1976 211-407/34 1-3